

**Address by Steven C. Preston**  
**Administrator, Small Business Administration**  
**Minority Enterprise Development Week Conference**  
**Omni Shoreham Hotel, Washington, D.C.**  
**Friday, September 1, 2006**

I am so happy to be here with you. You see, I had been in the business world for 24 years and in Washington for less than 8 weeks. So it is wonderful to talk with all of you, because I actually know what you do and we speak the same language! I haven't quite gotten to that point with most of Washington.

Before I start, I'd like to thank Howard Li for chairing this event. Howard is a great entrepreneur, and a great voice for minority entrepreneurs, especially in the small business lending community in NY.

I would also like to say that since I have come into this role, I have been impressed with the number of people who are devoted to minority entrepreneurship who have reached out to me to ensure that I hear the issues that are important to you all. Among many others, people like Congressman Danny Davis, who is a great Chicago area legislator and Congressman Al Wynn, who introduced me to members of the Congressional Black Caucus. And also here with us today, Roger Campos from the Minority Business Roundtable.

I would also like to welcome a couple of special guests with us today. Michael Wynne, the Secretary of the Air Force is here with us.

In addition, we have the Deputy Undersecretary of Defense, Dr. James Finley.

I am so thrilled that the SBA is part of sponsoring this event. This is the 24<sup>th</sup> time since President Reagan declared the first Minority Enterprise Development Week that minority entrepreneurs have come to Washington to command the attention of a city that needs to hear your message. Because it is:

- A message of victory told through each of your stories, and
- A message of how America's promise can be and is realized every day, through the opportunity to create and build enterprises.

You know, so many great things have happened in our economy in the past several years.

- We've seen record growth of our economy, economic-growth that has equaled the size of the entire Chinese economy since 2003,
- We've seen consistently strong job creation– and as a result, an enduringly low unemployment rate in our country,
- And we've seen growth of opportunity and ownership throughout our society.

But when we celebrate this success, we need to celebrate the engine that drives it – the entrepreneurs of our country.

- You drive our economy.
- You create our jobs.
- You transform our communities.
- You fulfill dreams, not only for yourselves and your families, but for those you employ and those you serve.

And you enable an economy driven by innovation and regeneration which keeps our country competitive. Three-quarters of the Fortune 100 companies last year were not even on the list 25 years ago. That is a story of business incarnation and growth which has defined the last half century of our economic history.

We need to ensure that our country maintains this environment,

- where entrepreneurship and innovation can thrive unfettered, and
- where small business ownership can enable economic mobility and continue to be the hand of opportunity to so many Americans who may not find that opportunity elsewhere.

The belief in possibilities, in what could be, is a mystery that drives us

- to create, to build,
- to pursue on and
- to achieve —

That is foundational to who we are as a people and a nation. And, in so many ways, your spirit is the essence of our nation's greatness, and your accomplishments are its reflection.

You have through your commitment to entrepreneurship, reaffirmed a truth of American life and American history – a truth about the *transformative* power of small business.

As minority entrepreneurs, many of you have started businesses in communities that have not fully shared America's promise. By starting those businesses, you have brought jobs and services and opportunity to places where they have often been in short supply. I believe so strongly in the ability of small businesses to drive transformation in our communities, and have begun to challenge my own leadership team and others outside the agency to understand how we can be more effective in helping to unlock that power.

I saw that transformative power at work early this year, when I visited New Orleans for the first time. I had spent several hours touring the devastation. For miles you could see virtually no activity. As we were leaving the lower ninth ward, among the endless rows of hollow buildings, one shining exception stood out– a small, Hispanic-owned grocery store, freshly painted white, with sparkling windows, and a brightly painted sign overhead. People (employees and owners, I don't know which was which) were

scrubbing the floors, stocking the shelves, cleaning the sidewalk out front -- preparing to reopen. As I looked at the emptiness surrounding this tiny pioneer, I wondered why they were taking such a risk and whether they would survive. Then I realized that I was seeing just why small business is so crucial to our nation and its spirit. They would be the first movers and they would lead the way for others. And in fact since that time, others have joined them.

It's the readiness to take risks, the grit to stick out the hard times, the commitment not just of capital but of passion, the devotion when others falter, all of this that puts small businesses at the heart of strong communities throughout our land. Small businesses take risks that others won't take, because they believe in a vision. Their founders match every dollar they invest with ten dollars of sweat equity – and as a result where others find a wall, again and again they find the door of success.

You and I are blessed to live in America, a great society with a robust economy as one of its pillars. It's a society where we are free and encouraged to innovate, to adapt to changes in markets—where innovation can find its home in opportunity and, in turn, in livelihood. And that is because we have created and preserved an environment in which innovation and entrepreneurship can flourish. And we must ensure that we continue to preserve and pursue a culture, a capital system, and a tax and regulatory structure that enables and encourages innovation and entrepreneurship.

I believe that not only because it is the bedrock of our economy, but because small businesses may be our country's strongest bridge to opportunity for Americans of all backgrounds – and for that reason, it should be the goal of our economic policy to keep that bridge open, expansive and sturdy.

Fueling America's entrepreneurial capitalism is a vast system of American entrepreneurial finance, overwhelmingly and importantly driven by the private sector. But along side of the private sector, the SBA lending plays a critical role in the nation's entrepreneurial story – including especially, perhaps, its minority entrepreneurial story.

We serve the gap where you find women and men with ideas and drive to start up those ideas and grow them, but who may need more than the private sector can provide.

One of the most encouraging aspects of my coming into this role has been the many stories I have heard from people who started their businesses with the help of the SBA. Many of you have been in that position. When the SBA backed you, it was not only enabling the American Dream, but doing so in a way that provides dividends for individuals, communities and our nation.

The people of the SBA have the honor of being involved in very special ways to enable the American dream by providing capital, providing training and counseling, by helping small businesses compete for government contracts, and by advocating on their behalf.

You know when I made the decision to leave the private sector, many people were surprised. But I did so because I believe so strongly in public service and in this agency's responsibility to serve all of you.

I am here because, I want to see entrepreneurial capitalism expand and grow. I want to do all I can to help that system become stronger and deeper – especially in our communities that need it the most.

So when I became administrator of the SBA, I wasn't accepting a job. I was accepting a mission—and one that I am passionate about.

In looking at the record, I have been encouraged by the progress the SBA has made in recent years.

We are an agency that supports millions of customers, extends or guarantees almost \$80 billion in credit, and works with Federal Agencies in almost \$80 billion of Small Business procurements.

And during the administration, overall SBA lending is up 99 percent and lending to minority entrepreneurs is up 152 percent. The number of entrepreneurs receiving SBA counseling is up 40 percent. And the amount of government contracting dollars that have gone to Small Business is up to almost \$80 billion dollars in FY05, over \$35 billion more than FY00, with dollars to small disadvantaged businesses up to \$21.7 billion in FY05, up over \$14 billion from FY00.

But as I look at the opportunities before us, I see there is much more to be done, I see this, in part, because I have met with many of you across the country to hear your views and I have begun to dig deep into many of the issues we face. Clearly, there is progress we can make through legal and policy routes. But I believe that the best and most effective progress we can make is by applying good business solutions to our operational challenges – the same kind of solutions you have to put in place in your own businesses.

We are in many ways like a large business that serves small businesses and we need to run our operations with the kind of focus and sophistication that acknowledges this scale.

So, as I build my team and as I meet with small business owners, with our people, and with legislators, I am asking questions less focused on policy and more focused on process:

- First, are we focused on the right outcomes? Do we understand how our services are driving opportunity? Are we directed enough?
  - If banks are extending more SBA loans, are we working enough with them to make sure they are going to people who can derive the greatest value from them?

- Second, are we truly focused on what is important to our customers? Are we customer-centric – do we understand what the people we serve need, and are we doing business on their terms? If there is too much friction in the process, if we are too slow, and if we are tough to work with, we will choke off our effectiveness because the value of our services will be diminished by the difficulty in using them? And from what I can see today, we have a lot of opportunity to simplify life for our customers.
- Third, are we enabling our employees? Any organization that serves people must have an employee base that is motivated and enabled to provide that service. So we need to ask, are we working to give our employees the tools, training and work environment they need to serve you effectively and enthusiastically? On my first day, I made an employee video letting our people know I was concerned about these issues and asking them to complete a survey, so I could understand their perspectives. We had an overwhelming response rate to the survey—86%. It is very clear from their responses that our employees really care about what they do. It is our job to ensure that they can extend that care to you effectively.
- And finally, are we transparent, efficient, and accountable? Are we running a tight ship? Every day, are we working in a way that earns your trust? We have an accountability to all of you to run our contracting services effectively and openly. We have an accountability to the American people to run our lending operations in a way that manages its inherent risk. We have an accountability to use every dollar the taxpayers give us as responsibly as possible.
- Frankly, there are serious questions about the quality of small business procurements data. I think a lot of it has to do our need to help people understand it better and to set up standards of transparency so that people can make sense of those data more easily.

Transparency equals trust. Like every part of government in a democracy, we have a bedrock obligation to work every day to deserve the public's trust.

Let me tell you a bit about an initiative underway where we are applying that thinking. As many of you know, the SBA makes loans to homeowners and Small Businesses who have suffered from a national disaster. We, like so many others, did not have the capacity to handle the overwhelming demand for capital immediately after Katrina. While the agency made tremendous strides over the past year, we have a ways to go.

How have we begun to address the issues? First, we have spent time in the Gulf and listened to customers tell their stories. In fact, we even videotaped customer interviews to bring back to our employees, so they could hear the voice of the customer. We have spoken with legislators and local trade associations. We took those learning tools and voices to Fort Worth, where we assembled leaders from our disaster operations, talent from our Washington operation and external process design experts, and began to lay out a vision, backed by detailed process redesign initiatives to finish the Katrina job quickly, and to ensure that we drive that operation to a higher standard than ever before. It's based on the need for responsiveness as an outcome. It's supported by an understanding from the customers of how they want to be served in the process. It's focused on enabling our employees to deliver that service by giving them the right tools. And it insists that we have goals and metrics in place to see how we are performing each step of the way.

Every day that a loan disbursement is delayed is a day that someone hasn't got his or her life back. We all pray that we will never see another Katrina. But we need to make sure that we take lessons from Katrina – and put the processes in place so that we can respond to disasters, irrespective of the scale. Our people care about this. I care about this. And I can promise you, our President cares very deeply about this.

And we need to take the same focus and intensity to drive solutions throughout our operations. And I am committed to making that happen.



As many of you know, I came to this city from Chicago. So as I close, I would like to leave you with a word of encouragement from a famous Chicago architect, Daniel Burnham, who overcame tremendous obstacles to help put the city on the map over 100 years ago. He said this: "Make no little plans. They have no magic to stir men's blood." That's a thought that I know has special resonance to all of us in this room -- entrepreneurs are the ones who made big plans, and have work that magic to turn them into reality.

And now, it is my pleasure to make three awards presentations that I have the honor to present.

The first award goes to the 8(a) graduate firm of the year. This award recognizes a small business which best exemplifies the spirit and intent of the 8(a) program.

The firm being recognized this afternoon, which was started in 1995, is a janitorial services company.

The gentleman who started this firm served his country during Operation Desert Storm. He returned to his native Nashville where he started Byles Janitorial Services. Byles Janitorial entered the 8(a) program in 1996 and graduated last year. Today, it is a successful company that grossed about \$4.5 million last year, roughly half of that as an 8(a) firm.

Ladies and gentlemen, please congratulate William L. Byles, Sr., founder and president of Byles Janitorial Services, the 2006 8(a) graduate firm of the year.

Next, I would like to present the Administrator's Leadership Award. This award recognizes the recipient for tireless efforts and unwavering commitment on behalf of the nation's minority small business community.

This year's recipient has a distinguished career as a public servant at both the state and national levels. Today, he makes sure small businesses are receiving their fair share of government contracts at the largest procurement entity in the federal government, the Department of Defense.

This year's honoree is not only serving in this administration, he has also served in the administration of President George H.W. Bush, where he was at the SBA.

Ladies and gentlemen, it is my honor to present the 2006 Administrator's Leadership Award to a strong friend and advocate for small business, the director of the Office of Small Business Programs at DOD, Mr. Frank Ramos.

My third and final presentation is the National Minority Small Business Person of the Year. The award recognizes minority small business person who best exemplifies minority entrepreneurial success.

This year's winner is a very inspirational story. The company was started in 1996 with a staff of two, counting the owner. Today, there are 80 employees.

A small business that was financed on personal credit cards at first and operated out of a 10x10 foot office has grown into a firm generating \$12 to \$15 million per year.

This company, currently in the 8(a) program, is fulfilling 14 government contracts.

An important turning point for this company was in 2003 when it was one of 18 companies worldwide and one of four small businesses chosen to participate in a key Navy contract, for that service's NAVAIR training systems division. The company at that time had 17 employees and was successful in its bid even though it was going up against some of the largest defense companies in the world.

As you can tell from my description, this is a great success story of a small business truly deserving of the honor bestowed this afternoon.

Ladies and gentlemen, please join me in a warm round of applause in honor of the National Minority Small Business Person of the Year, Mr. Jose A. Diaz, founder and president of DEI Services Corporation of Florida.

Please join me in giving all of our award winners a round of applause. They are certainly deserving of this recognition.

And to all of you, we at the SBA would love to be part of your success—please come to us if the services we provide can help you reach your goals.

THANK YOU!